

Chapter 6

Finances



Many problems military members have during a deployment are money related.

Ideas to Help Financial Matters During Deployment

If problems arise, please don't be afraid to ask for help. Don't let your finances become too overwhelming or get too far behind. If you cannot find help through friends or family, you can seek help from the American Red Cross, which manages the Army Emergency Relief Fund.

Designate one person to pay your bills regularly each month. If you are single, a single parent or if both spouses are deployable, have a Power of Attorney, which gives someone the ability to pay your bills in your absence.

Powers of Attorney and Wills

These are vital documents and need to be done before you deploy. They are also simple to complete. The legal office has worksheets for you to fill out and they handle the rest.

Spending Plan

Make a complete inventory of your monthly financial obligations (you may also want to give your designee a copy of your Record of Personal Affairs). Many agencies can also assist you in organizing a spending plan for you or your family, such as Consumer Credit Counseling. Basically, you need to estimate the amount of money coming in, your "fixed" expenses (housing, utilities etc.) and the management of remaining bills with your income. The service member needs to sit down with their spouse or appointed designee and make sure everything is agreed upon and stick to the plan understood before deployment. This point cannot be stressed enough since **FINANCIAL DIFFICULTY IS ONE OF THE MOST COMMON PROBLEMS MILITARY MEMBERS EXPERIENCE DURING DEPLOYMENT.**

Special Budget Considerations

DIRECT DEPOSIT. Your military pay goes directly to your bank account. This is the most convenient way to handle your military pay. It is necessary to make allowances in the spending plan to cover these costs or make an arrangement not to indulge in these extras:

- Cost of long distance phone calls.
- Cost of postage, telegrams, flowers, etc.

- Non-reimbursable travel expenses of the service member, such as entertainment and gifts.
- Food bills and transportation costs that may increase as with other items. Try to plan for them carefully and revise your family budget..
- Spending spree when the soldier returns home unless, you can afford it.

Two Checking Accounts

Some people find it helpful to maintain two checking accounts, one for the spouse at home and one for the service member. This eliminates the problems of some deposits or withdrawals not being recorded as a result of two people in two different places trying to use one checkbook.

Income Tax

If the separation occurs when taxes come due, decide in advance how income taxes will be filed. If you prefer to calculate the taxes while away, take in consideration the time it will take to mail it back. Make several copies of all forms mailed, in case they are lost. Otherwise, a spouse at home, a family friend or relative, or an income tax service can figure your taxes. Another option is to apply to the IRS for an extension of the filing date.

If you have questions about pay or need assistance in solving pay problems, contact your Unit Administrator (UA) at your Reserve Center.

Soldiers' and Sailors' Civil Relief Act

In 1940, Congress passed the Soldiers' and Sailors' Civil Relief Act to protect service members from financial hardship due to military service. Your protection begins the day you start serving on active duty and extends until 30 to 90 days after you are discharged from active duty. It takes more than a loss of income to trigger protections of

the relief act. You must show that your income dropped enough to make mortgage payments or other financial obligations a hardship.



Mortgage Relief

The act can protect reservists against foreclosures on homes and other property. The property must have been bought before the reservist was called to active duty and the inability to make mortgage payments must have resulted from military obligations. If in dispute these issues are generally resolved in a court of law. See your legal officer for more information.

Renter's Protection

Landlords cannot summarily evict a reservist's family for failing to pay rent; they need a court's permission. If a court determines that inability to pay rent is a result of a reservist's call to active duty, it can delay eviction for up to three months. The court cannot set aside unpaid debts to landlords, however.

Renters can also cancel leases without penalty if the lease was signed before the reservist was called to active duty. The leased property has to have been used by the reservist for his family as a home or business. Renters must provide written notice of cancellation, and they may be required to give more than a month's notice. The landlord cannot withhold security deposits and must return part of the rent if it has been paid in advance. See your legal officer for more information.

Credit Relief

Activated reservists need pay no more than 6 percent per year on all loans: car loans, home loans, credit cards, and others as long as the debts were incurred before the order to active duty was issued. To take advantage of this law, write to creditors and tell them you are reducing payments to reflect 6 percent interest. The letter should cite the

Soldiers' and Sailors' Civil Relief Act as your authority to cut interest rates (see your legal officer first for specific guidance).

To void this protection and require you to pay more than 6 percent interest, creditors must go to court and show your ability to pay higher rates has not been materially affected by your military service.

Legal Proceedings Postponed

The relief act also provides reservists certain protections in legal proceedings. Reservists who are involved in lawsuits, divorces and other legal actions are entitled to request a postponement of proceedings if military duties prevent them from making court appearances. This simply postpones the proceedings until it is more convenient for the reservist to participate. A court can allow a delay until up to three months after the end of your active duty service.

The Defense Department cautions that the Soldiers' and Sailors' Civil Relief Act is complicated and that general descriptions of its provisions can lead to "dangerous misconceptions." The department advises service members who want to use provisions of the act to consult with civilian lawyers or military legal assistance officers.

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A Primer On Pay & Allowances

Reserve Pay

Reservists receive four days' pay for each weekend of training attended, plus full Army pay for their Annual Training.

Active Duty Pay

Reservists called to full-time service are entitled to the same military pay as soldiers on active duty. Pay charts may be found on the Defense and Finance Accounting Service (DFAS) website at www.dfas.mil.

Here's the type of monthly pay you may receive:

- **Basic pay** - Determined by time in service and rank. Soldiers are required to have pay deposited directly into a financial institution by electronic transfer.
- **Basic Allowance for Subsistence** - BAS is a non-taxable allowance for food. Officers receive it regardless of grade. Enlisted soldiers may receive it based on availability of government mess (dining facility) or if authorized to mess (eat) separately when government mess is available.
- **Basic Allowance for Housing** - BAH is a non-taxable allowance for housing. The amount of BAH is determined by rank and whether or not there are family members. This allowance partially reimburses military personnel for their housing expenses if they live in civilian communities. A soldier with dependents who lives in government family-type quarters is not entitled to BAH. A soldier without dependents who is provided barracks receives partial BAH.
- **Special pay** - Some soldiers may receive additional pay for dangerous or highly skilled assignments. Flight pay is given to pilots, crewmembers and flight surgeons. Special incentive pay goes to soldiers using demolitions or parachuting. Hostile fire and imminent danger pay is for soldiers serving within an officially declared hostile fire zone, and is the same for officers and enlisted soldiers.

LES – Leave and Earning Statement

Soldiers must read their LES to ensure they are receiving all their allocated deployment entitlements. Any questions should be directed by the soldier to their servicing Personnel Administration Center (PAC) to Finance. Dependents should direct their

questions to their Unit Administrator (UA) at the Army Reserve Center.

Family Separation Allowance - A separation allowance is paid anytime members are involuntarily separated from their dependents for more than 30 days.

Combat Zone Tax Exclusion (CZTE) excludes all federal tax earning for enlisted personnel and warrant officers, and excludes up to a specified amount per month for officers. Department of Defense determines those areas that are qualified hazardous duty areas.

Hostile Fire Pay – Areas eligible for Hostile Fire Pay are determined by the Department of Defense. It takes only one day in a designated HFP area to be eligible to receive HFP.

Foreign Duty Pay – A specified amount paid each month to enlisted members serving in the land area of those areas designated by Department of Defense.

Savings Deposit Program – If eligible, soldiers are able to deposit their monthly net base pay up to a total of \$10,000, by making a check or cash deposit to the servicing Finance Office. Deposits will accrue at 10 percent annually, compounded quarterly on the average quarterly balance on deposit. For direct inquiries concerning SDP accounts contact the Defense Finance and Accounting System – Cleveland at 216-522-6545 or DSN 580-6545, Fax 216-522-6924.

Automatic Extension for Income Tax Returns

- The tax relief provisions of Public Law 104-117 gives all soldiers at least 180 days after permanent redeployment from a combat zone area to file their federal tax return and to pay taxes (if applicable) without incurring penalty costs.

Inquiries

Taxpayers within the United States may seek assistance by calling the IRS at 1-800-829-1040 or by logging onto the IRS web site at www.irs.gov.

